

MUSKAN FERRO SILICONS LTD.

17th Annual Report



For the Year Ended
31st March 2003

BOARD OF DIRECTORS

Shri Babulal Badjatia

Shri Sunil Badjatia - Managing Director

Shri Dr. S. Mookerjee

Shri Babulal Verma

Shri Hemant Agarwal (w.e.f. 01/03/03)

Shri Sharad Jain (w.e.f. 01/03/03)

AUDITORS

C. P. Rawka & Co.

Chartered Accountants

403, Arcade Silver,

65/1, New Palasia, Indore

REGISTERED OFFICE

Plot No. 69, Sector - 3,

Industrial Area,

PITHAMPUR, Dist. Dhar (M.P.)

MUSKAN FERRO SILICONS LIMITED**NOTICE**

Notice is hereby given that the 17th Annual General Meeting of the members of the Company will be held on Tuesday the 30th September 2003 at 11.00 AM at the Registered office of the company at Plot No. 69, Sector-3, Industrial Area, Pithampur, Dist. Dhar (M.P.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss account of the Company for the year ended 31st March 2003 together with Directors and Auditors reports thereon.
2. To appoint a Director in place of Shri S. Mookerjee who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification (s) the following resolution as Ordinary Resolution.

RESOLVED that in accordance with the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Shri Hemant Agrawal, Additional Director of the company who holds office upto the date of forthcoming Annual General Meeting as per provisions of section 260 of the companies Act, 1956 and in respect of whom the company has received a notice in writing form a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation.

5. To consider and if thought fit, to pass, with or without modification (s) the following resolution as an Ordinary Resolution :

RESOLVED that in accordance with the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Mr. Sharad Jain, an additional director of the company who holds office upto the date of forthcoming Annual General Meeting as per provisions of section 260 of the companies Act, 1956 and in respect of whom the company has received a notice in writing form a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation.

By order of the Board of Directors
For - Muskan Ferro Silicons Limited.

Sunil Badjatia
Managing Director

Place : Indore

Date : 30.07.2003

Notes :

- * A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member.
- * The Register of members and the share transfer books of the company will remain closed from 28.9.2003 to 30.09.2003 (both days inclusive)

MUSKAN FERRO SILICONS LIMITED

- * The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of Special Business as annexed hereto and forming part of this notice.
- * Members/Proxies should bring the attendance slip, duly filled in for attending the meeting.
- * Members/Proxies attending the meeting should bring their copy of the Annual Report for reference at the meeting.
- * Members are requested to notify the company immediately the change of address if any and also write to the company immediately about correction, if any, in name, address and pincode.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT. 1956**

ITEM NO. 4 & 5

Mr. Hement Agrawal & Mr. Sharad Jain were appointed additional Director of the company by the Board with effect from 1st March 2003. In terms of Section 260 of the Companies Act, 1956, they hold office till the date of the forthcoming Annual General Meeting but are eligible for re-appointment. The company has received notices from members as required by Section 257 of the Companies Act, 1956 signifying their intention to propose the candidatures of Mr. Hemend Agrawal & Mr. Sharad Jain, for the office of Directors. The Board considers it desirable that the company should avail their services and recommends the resolutions under item No. 4 & 5 for acceptance by the members of the company.

None of the Directors other than Mr. Hemant Agrawal & Mr. Sharad Jain are concerned or interested in Item No. 4 & 5 of the Notice respectively.

By order of the Board of Directors
For - Muskan Ferro Silicons Limited.

Sunil Badjatia

Managing Director

Place : Indore

Date : 30.07.2003

MUSKAN FERRO SILICONS LIMITED

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 17th Annual Report alongwith Audited Accounts of the company for year ended 31st March 2003.

FINANCIAL RESULTS

As you are aware that Board of Directors wishes to diversify the activities of the company but due to depressed market conditions company could not start the activities in the current year also. Company has earned Rs. 2.42 lacs on account of interest and divided income and incurred a net loss of Rs. 35.59 lacs which has been carried to the Balance Sheet. Directors are hopeful for better results in the current year.

DIVIDEND

In view of loss, the Board of Directors has not recommended any dividend for the year ended on 31st March 2003.

DEPOSITS

The company has not invited/accepted public deposit within the meaning of section 58A of the Companies Act, 1956 and rules made thereunder during the year under review.

DIRECTORS

Dr. S. Mokerjee - Director of the Company retires by rotation and being eligible offers himself for reappointment. During the year Shri Hemant Agrawal & Shri Sharad Jain were appointed additional director, being eligible offer themselves for re-appointment.

DIRECTOR'S RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm;

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) That appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2003.
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- (iv) That the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement, a report on corporate Governance is annexed to this annual report.

MUSKAN FERRO-SILICONS LIMITED**DEMAT STATUS**

The company's shares were admitted to demat. Presently Shares are held both a electronics and physical mode.

PARTICULARS OF EMPLOYEES

There was no employee in the Company who was employed throughout the financial year or for part of the financial year was in receipt of remuneration whose particulars, if so employed, are required to be included in the report of Directors in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The company has not commenced commercial production during the period under report and as such data pertaining to conservation of energy are NIL. However the company has taken adequate steps for conservation of energy while designing the plant itself. The management has created a work culture of foster innovation in production and continuing efforts for improvement in quality.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Earnings out go : NIL

Foreign Earnings : NIL

ENVIRONMENT PROTECTION

The company has implemented for disposal of effluents an E T P system.

AUDITORS

M/s. C.P. Rawka & Co., Chartered Accountants, the retiring Auditors of the company retires at this Annual General Meeting and being eligible offers themselves for reappointment.

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the cooperation and confidence reposed by the company's Bankers, Shareholders, Customer & Suppliers. Your directors also wish to place on record their appreciation of devoted services rendered by the employees of the company.

Place : Indore

Date : 30.07.2003

For and on behalf of the Board

Sunil Badjatia

Managing Director

MUSKANTHERO SILICONS LIMITED**Annexure - II****CORPORATE GOVERNANCE REPORT**

The philosophy of Corporate Governance is to enhance the long term economic value of the company, its shareholders and the society at large by adopting better corporate practices in fair and transparent manner by aligning interests of the company with its shareholders and other key shareholders.

Board of Directors***Composition of the Board***

In view of amendment introduced by the Companies Amendment Act, 2000 and clause 49 of the Listing Agreement composition of Board of Directors has been restructured w.e.f. 01/03/03. Company's Board now comprises of 4 independent and non-executive Directors 2 promoter Director.

| Director | Executive/Non-Executive/Independent | No. of Outside Directorship (S) held | | |
|------------------------|-------------------------------------|--------------------------------------|----------------|----------------------|
| | | Public Companies | Pvt. Companies | Section 25 Companies |
| Shri. Babulal Badjatia | Promoter | - | - | - |
| Shri. Sunil Badjatia | Managing Director | - | - | - |
| Shri. S. Mukerjee | Independent | - | - | - |
| Shri Babulal Verma | Independent | - | - | - |
| Shri Sharad Jain | Independent | - | - | - |

Director's Interests in the Company and Attendance Record

Particulars of relationship between Directors inter-se, sitting fees paid to term and details of meetings attended by them are as under.

| Director | Sitting Fees paid during | No. of Board Meeting during | | Attended Last AGM held on 30/08/02 |
|------------------------|--------------------------|-----------------------------|----------|------------------------------------|
| | | Held | Attended | |
| Shri. Babulal Badjatia | - | 4 | 4 | Yes |
| Shri. Sunil Badjatia | - | 4 | 4 | Yes |
| Shri. S. Mukerjee | - | 4 | 1 | No |
| Shri Babulal Verma | - | 4 | 1 | No |
| Shri Hemant Agrawal | - | 4 | - | No |
| Shri Sharad Jain | - | 4 | - | No |

Audit Committee

Company has set up an "Audit Committee" in the Board meeting held on 01.03.2003. The composition of the Committee is as follows :

Shri Hemant Agrawal - Chairman
 Shri Sharad Jain - Member
 Shri Babulal Verma - Member

The audit committee comprises of 3 independent Non-executive Directors : The audit committee shall meet once in a quarter and present its report to Board of Directors from time to time.